

DOCKET FILE COPY ORIGINAL

DOCKET FILE COPY ORIGINAL

RECEIVED

JUL - 8 1997

DOCKET
BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C.

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In re:

Review of the Commission's)
Regulations Involving Television) MM Docket Nos. 94-150,
Broadcasting - Local Ownership) 92-51, 87-154, 91-221
and Attribution) and 87-78
)

To: The Commission

DOCKET FILE COPY ORIGINAL

**JOINT RESPONSE OF SECOND GENERATION OF IOWA LTD
AND DUBUQUE TV LIMITED PARTNERSHIP TO
COMMISSION REQUEST FOR FURTHER INFORMATION CONCERNING TV LMAs**

In response to the Public Notice (DA 97-1246) released June 17, 1997, in which the Commission requested that parties to all existing television local marketing agreements provide certain factual information regarding the terms of such agreements, Second Generation of Iowa Ltd., licensee and Station KFXA, Cedar Rapids, Iowa, and Dubuque TV Limited Partnership, licensee of Station KFXB, Dubuque, Iowa, hereby submit the following information:

1. Brokered Station: KFXB, Channel 40, Dubuque, Iowa

Licensee of Brokered Station: Dubuque TV Limited Partnership

Broker: Second Generation of Iowa Ltd.

Station Licensed to Broker: KFXA, Channel 28, Cedar Rapids, Iowa
2. Both KFXA and KFXB are in the Cedar Rapids - Waterloo DMA which is DMA #86.
3. Neither the City Grade nor the Grade A contours of KFXA and KFXB overlap. The Grade B contours of the two stations overlap in

an area of 812.6 square kilometers. The overlap area amounts to 3.5% of the area within the KFXA Grade B contour and 6.4% of the area within the KFXB Grade B contour.

4. The LMA was entered into on as of July 1, 1995.

5. The initial term of the LMA is five years and it began on August 13, 1995. The LMA grants broker an option to purchase KFXB, subject to FCC consent. If the option is exercised during the term of the LMA, the term of the LMA will automatically extend until the closing on the acquisition of KFXB by the broker is consummated or the purchase agreement executed pursuant to the exercise of the option is terminated. If the option to purchase is not exercised, the LMA automatically renews for an additional term of five years at a fee to be agreed upon at that time.

6. 100% of the weekly broadcast hours on KFXB are brokered; however, KFXB continues to produce local news programming even though the commercials in that programming are sold by the broker.

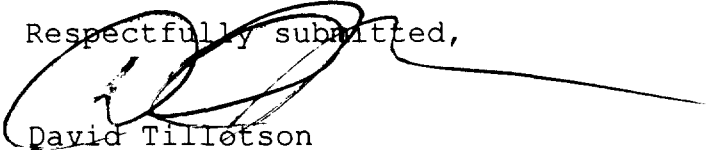
7. KFXA is an affiliate of the Fox Television Network and the affiliation agreement also permits the Fox Television Network programming to be carried on KFXB.

8. The Nielsen ratings for the stations 9:00 a.m. to midnight during the three most recent ratings periods were as follows:

	<u>KFXA Share</u>	<u>KFXB Share</u>
November, 1996:	2	1
February, 1997:	3	1
May, 1997:	3	1

9. Attached hereto is a narrative statement prepared by Thomas Bond, General Partner of Dubuque TV Limited Partnership which contains information concerning the efficiencies and public interest benefits that have resulted from the LMA. The parties submit that the public interest benefits from the LMA are so clear, and risk that KFXB would go dark if the LMA were terminated, that it would be very much in the public interest for the Commission to grandfather the existing LMA with respect to KFXB on a permanent basis if the Commission amends its multiple ownership rules to treat LMAs as attributable interests. In this regard, the parties note that permanently grandfathering this LMA would be consistent with the Commission's now routine practice of granting one-to-a-market rule waivers in markets of this size based upon showings of the public interest benefits to flow from such waivers similar to the attached showing.

Respectfully submitted,


David Tillotson
4606 Charleston Terrace, N.W.
Washington, DC 20007-1911
(202) 625-6241
Attorney for Second Generation of
Iowa Ltd. and Dubuque TV Limited
Partnership

Dated: July 8, 1997

JUL- 3-97 THU 3:02 PM

P. 1

"DECLARATION OF THOMAS BOND**Thomas Bond states under penalty of perjury as follows:**

I am the General Partner of Dubuque TV Limited Partnership, licensee of Station KFXB, Dubuque, Iowa. The following history of KFXB and exposition of the operating efficiencies and benefits to the public interest that have resulted from KFXB being programmed pursuant to an LMA with Second Generation of Iowa Ltd. is provided based upon my personal knowledge in response to the FCC's June 17, 1997, Public Notice requesting further information concerning TV LMAs."

1. KFXB (formerly KDUB) ch. 40 Dubuque, Iowa operates in the Cedar Rapids, Waterloo, Dubuque DMA. KFXB operates at 537,000W Visual and 53,700W aural at an antenna height of 841 feet above average terrain. KDUB originally signed on the air as an ABC affiliate in 1970. KDUB ceased operations due to financial failure in 1973. Under new ownership, KDUB returned to the air in 1975. KDUB was purchased by its present owner, Dubuque TV Limited Partnership, Thomas Bond General Partner in 1985. KDUB continued to operate as a second ABC affiliate in the Cedar Rapids, Waterloo, Dubuque television market. With limited power and antenna height, KDUB was unable to put an air signal over major portions of the market. The air signal did not reach the population centers of Cedar Rapids, Waterloo or Iowa City. KDUB's cable network non duplication protection ended by FCC order in 1986 allowing all of the duplicated ABC programming from KCRG to be available on the TCI cable

JUL- 3-97 THU 3:03 PM

P. 2

system serving Dubuque and other communities in Dubuque county.

Approximately 94% of the homes in Dubuque were connected to TCI cable. In the mean time, KCRG ch. 9, the other ABC affiliate in the market, KGAN ch. 2, the CBS affiliate and KWWL ch. 7, the NBC affiliate all were able to cover with an over the air signal the entire 21 counties in the DMA including Dubuque and Dubuque county. In a 30 plus million dollar television market where the three competing VHF stations were billing between 8 and 12 million dollars each, KDUB was never able to bill more than 1.5 million. National advertising on KDUB was almost nonexistent, reaching only 1.5% of the market total. Network compensation was less than \$40,000 per year. Approximately 98% of KDUB's revenue was local direct and regional. Limited revenue, due to lack of power and antenna height, and the fact that KDUB was a duplicate network service, severely limited the potential for KDUB to grow and in fact threatened its very survival. We could not compete in the market for syndicated programs due to price and our prime time network Nielsen rating numbers continued to be eaten away by KCRG. The future of KDUB was in doubt.

2. I became aware of Second Generation of Iowa and Tom Embrescia's efforts to purchase KOCR, the former FOX network affiliate in Cedar Rapids.

Discussions were held about the possibility of combining the signals of KOCR and KDUB in order to cover the entire Cedar Rapids, Waterloo and Dubuque market and for the first time provide FOX network programming in Dubuque and Dubuque county and the rest of the Cedar Rapids, Waterloo and Dubuque

JUL- 3-97 THU 3:04 PM

P. 3

market. An LMA agreement was negotiated with Tom Embrescia and Second Generation of Iowa LTD. The combined operation began on August 13, 1995. The LMA assured the survival of KFXB (formerly KDUB) and improved the quality of service to our viewers in Dubuque and Dubuque county as well as Grant county in Wisconsin and Jo Daviess county in Illinois. Under the LMA agreement, Second Generation of Iowa replaced inadequate technical equipment at KFXB including STL microwave, Dyplexer and transmitter parts and equipment. The KFXB tower was also reinforced and repaired. The KFXB News Department was provided with new equipment such as a new news set, new field cameras and all related equipment. Our weather department was completely rebuilt and new state of the art Accu-Weather computer equipment was installed. The KFXB studio received new cameras and additional lighting equipment. New tape record and play back equipment was installed in our control room.

3. With FOX network programming and improved technical quality and a better equipped and staffed news operation, KFXB is able to join our sister station KFXA in Cedar Rapids to become the FOX affiliate for the 86 DMA market and become one of the fastest growing television stations in the United States. Our LMA agreement not only insured that Dubuque's only television station would remain in business but enables us to better serve our viewers with quality children's educational programs that exceed the FCC required 3 hours per week, entertainment and sports programs from FOX network that was not available to

JUL- 3-97 THU 3:04 PM

P. 4

our viewers before, top quality first run and off network syndicated programs and improved news programs. The May 1997 Nielsen Audience Survey for the four counties that KFXB serves, Dubuque and Jackson in Iowa, Jo Daviess in Illinois and Grant in Wisconsin, showed that our 5-5:30pm M-F news audience grew by 63% after showing a 60% gain from November '96 to February '97. Our 10-10:30pm M-F news was the number one news program in both HH and adults 35+. All of this is directly related to better personnel, better equipment and better promotion made possible by our LMA. The technical quality of KFXB has improved dramatically. The program quality has improved. The news program quality has improved. None of this would have been possible without the LMA agreement with Second Generation of Iowa. In fact, if a viable FOX affiliate had come into the market and KFXB had not been a part of it, the additional competition for programming and revenue would have insured the failure of KFXB. I'm confident there would be no television station in Dubuque today. This LMA agreement saved a television station and made it better able to serve its community.



THOMAS G. BOND
General Partner
Dubuque TV Limited Partnership

7/3/97

DATE